

DISSENTING VIEWS OF DAVID OBEY

Within the last several months, the Congress has made dramatic choices that are already changing the course of government and the kind of society in which we live. Only weeks ago work was completed on another round of large tax cuts targeted at the nation's highest income individuals. Now we are considering a variety of appropriation measures, and the impact of those tax cuts is becoming apparent in the funding levels provided for programs ranging from school improvement to homeland security, cancer research and adequate housing for our military.

The bill that accompanies this report is the largest of the domestic appropriation measures. It provides the resources necessary to improve our local schools, protect our public health, ensure the safety of our workforce, provide for our elderly and disabled, expand the opportunity for higher education and seek cures for the dreaded diseases that threaten the health and life of all Americans. Regrettably, the bill falls far short of what is needed in each of these areas.

In order to meet the commitment to lower taxes we are abandoning commitments in almost every other area of federal responsibility. This bill fails not only to provide the resources that my party would support for these activities, it also fails to honor the promises made by the Majority party only three months ago when they adopted a budget resolution for the coming fiscal year. It falls dramatically short of the commitments that were made two years ago with the enactment of the "Leave No Child Behind Act."

The failure of this legislation is not the fault of the Chairman of the Labor, Health and Human Services, and Education subcommittee or the Chairman of the Appropriations Committee. They fought long and hard to convince their leadership that the allocations being provided to the committee were inadequate and would result in legislation that would be embarrassing to the committee, and to the Congress. They made reasonable decisions about allocating the inadequate sum of money they were given to work with. There was simply no way to produce an adequate bill with the inadequate funds available to them.

The core of the problem lies with the budgetary policies of the Republican Majority that controls the Congress – policies that favor repeated rounds of tax cuts, targeted at the highest income levels, ahead of all other national priorities.

While the funds necessary to provide an adequate level of services through the programs contained in this bill are substantial, they represent only a tiny fraction of the \$136 billion in FY 2004 tax cuts just voted into law by this Congress.

During the Appropriations Committee's consideration of this bill, an amendment was offered adding \$5.5 billion for the most pressing underfunded priorities in education, health and human services. The \$5.5 billion was fully offset by simply scaling back a small portion of the most recent tax cuts. If the amendment had been adopted, the 200,000 taxpayers with incomes above \$1 million per year would have received tax cuts of about \$60,000 a year rather than the \$88,000 tax breaks provided by the legislation President Bush signed on May 28th. (Attachment B provides further details on the substitute.) The substitute was defeated on a roll call vote that is published in this report.

The cost of meeting the underfunded priorities in all of the appropriation bills pales not only in comparison to the revenue that is lost to the Treasury but also to the spending which the American people must assume in order to finance these tax cuts. Of the \$167 billion in government interest payments that CBO projects for next year, \$23.6 billion is required to pay the interest associated with tax cuts enacted since 2001.

Education

If there were one issue that provided credibility to the slogan "*compassionate conservatism*" it was without question education. The passage of the "Leave No Child Behind" legislation resonated with the broadly held view that good schools were critical to expanding the economy, improving living standards and healing the rifts that divide societies between economic, social and racial groups. However, there is little that one can find in this bill that could be labeled "compassionate."

There are a number of ways to gauge just how inadequate this bill is.

One way is to look at the Majority's own promises made in its FY 2004 budget resolution.

The Majority made a promise in its FY 2004 budget resolution to provide a **"\$3-billion increase from the previous year for the Department of Education."** Yet, the Majority's bill provides only a \$2.3 billion increase over FY 2003 – far less than the promise they made.

The most glaring example of the Majority's broken promises to the nation's school children concerns funding for the Title 1 Program. There is little disagreement within the education community that our schools with large enrollments of low-income children schools have the greatest challenges in meeting the *No Child Left Behind Act's* accountability and academic mandates. These schools enroll students with the greatest academic deficits, but they have the least experienced teachers, less competitive teacher salaries, higher teacher turnover, less rigorous curriculum, and less than their fair share of resources – all factors with a negative correlation with student achievement.

For the Title 1 program, the Majority's FY 2004 budget resolution promised a \$1 billion increase over last year. That was the way the Majority was able to get the votes from the Republican moderates. However, instead of sticking to their promise, the Majority stuck to the President's budget, which provides only a \$666 million increase. The result of the Committee's action is that this bill falls \$334 million short of the Majority's own promise.

For special education, again to appease the moderate Republicans, the Majority promised in the FY 2004 budget resolution to provide \$2.2 billion over the current level. This promise was repeated in H.R. 1350 - the bill reauthorizing the Individuals with Disabilities Act, adopted on April 30th on the House floor. Indeed, the Republican floor managers of H.R. 1350 made a point of highlighting the promised money for IDEA. Subcommittee Chairman Castle commented,

"HR 1350 authorizes dramatic increases in funding for special education, creates a clear path to attain full funding of the Federal Government's 40 percent goal within 7 years...In this year's budget resolution, that funding number will take us up to 21 percent. The President of the United States has indicated his complete willingness to fund this in rapid increases to get us to that 40 percent in a 7-year glidepath. This Congress, in the form of the Committee on Appropriations, has indicated doing it the same way. This is all under the discretionary spending..."

Chairman Boehner commented:

"And the budget resolution that we passed just several weeks ago brings an increase this year of over \$2 billion and authorizes an additional \$2.5 billion next year."

Instead, because the Majority's top priority is tax cuts, this bill falls \$1.2 billion short of that promise. It took just seven weeks for the Republican Majority to conclude that its gargantuan tax cuts were more important than sticking to its promise on special education. The funding shortfall in the Majority's bill will force schools to continue to absorb the extraordinary costs of providing special education for nearly 6.7 million school children and, consequently, to reduce other education programs or raise local taxes to offset the shortfall.

There is a second way to look at what happens in education - the *No Child Left Behind Act*. The President's philosophy was that we would provide additional funding when education programs were reformed. Congress reformed the programs. It added a slew of new federal mandates for states and school districts. The *NCLB Act* set up a schedule for new federal resources that would put more federal money in the hands of local educators to pay for the mandates of the new law, especially the rigorous requirement that every student become academically proficient. But, because the Majority put tax cut wishes ahead of

education promises, the Committee bill falls a stunning \$8 billion short of the FY 2004 funding targets in the *No Child Left Behind Act*.

On higher education, because of the economic mismanagement over the past two years, all but about eight states are in a budget crisis. A worsening state fiscal crisis has forced states to make huge cuts in the budgets of public colleges and universities. That crisis is crushing working families who want to send their kids to college. College tuition costs increased by about ten percent last year at four-year public institutions, and additional tuition increases have been announced for this fall. For example:

- In-state undergraduates in Georgia will pay **15 percent** more at the state's research universities, **10 percent** more at other four-year colleges and universities, and **5 percent** more at two-year colleges this fall;
- Several Kentucky colleges have announced tuition increases for 2003-04; community colleges will raise tuition by 23 percent, and increases for Kentucky universities range from **9 percent to 16 percent** for in-state undergraduates;
- The University of Missouri System voted in May to raise tuition by nearly **20 percent** to accommodate a state budget cut; and
- The State University of New York voted on June 29th to raise tuition this fall by **28 percent** for in-state undergraduates, the first time the system has increased the rate since 1995, in order to absorb state budget cuts.

Meanwhile, Pell Grant applications continue to swell at four to five times the historical rate as record numbers of high school graduates seek a college education, and as unemployed individuals and other non-traditional students pursue advanced training.

At the same time that more Americans struggle to finance a college education, the returns from a higher education have never been greater. A college graduate can expect to earn 80 percent more than a high school graduate, or \$1 million over the course of a lifetime, paving the way toward a higher quality of life.

The Majority, however, has decided to give token help to states and no help at all to families with college students. The Majority's bill freezes the maximum Pell Grant award at the current level of \$4,050. When the program was started in 1975, Pell Grants paid about 84 percent of college costs at a four-year public university. How much progress have we made? Under the Majority's

bill, the share of four-year public college expenses paid by Pell Grants will drop to 38 percent or lower.

Health Care

Health care is another area in which the Majority's bill falls short of meeting urgent national needs.

To properly judge the bill's impact, we need to consider the context in which it comes. This context includes the economic recession and high unemployment, which is causing people to lose their job-based health coverage. The context also includes a second effect of the recession: the severe fiscal crisis now facing state governments. That fiscal crisis is leading many states to cut back on eligibility and benefits under health care programs like Medicaid and the State Child Health Insurance Program (SCHIP), as well as on public health protection. Programs funded by the Labor, Health and Human Services, and Education appropriations bill help provide a crucial health care safety net for people without other access to care, and also help states and localities provide basic public health services.

Health Services and Public Health

Yet despite the obviously growing need, the Majority's bill provides few additional resources for health programs. It has essentially no increase for the Maternal and Child Health Block Grant and no increase at all for the National Health Service Corps (which provides student loan repayment aid and scholarships for doctors and dentists who work in areas with a shortage of health providers) – even though the Administration requested additional funds for both programs. In fact, the only health care safety net program that receives any real funding growth under the Majority's bill is grants for Community Health Centers, which gets the 8 percent increase proposed by the President. That would be the smallest percentage increase in this program since 1998 and not enough to both fund the President's expansion initiative and give on-going health centers an increase to help offset their rising costs.

The Committee bill also provides no increase at all for childhood immunization grants. That program has had trouble keeping up with the rising cost of vaccinating children, and the bill will lead to further shortfalls. Further, while the Administration asked for \$100 million to help us get better prepared to deal with an influenza pandemic, the bill provides only half of that request. For the Ryan White AIDS Care programs, the bill actually cuts funding for most components (other than AIDS drug assistance) below the current year level.

Medical Research

Life expectancy in this country has risen steadily for several generations. A significant portion of that increase is attributable to the effectiveness with which medical science can now cope with a long list of dreaded diseases.

During the past 35 years the chances that an individual American will die of cardiovascular disease or stroke has dropped by more than 60 percent. In only the past eight years, the death rate for AIDS victims has dropped by 70 percent. Some dreaded diseases such as *Haemophilus influenzae*, a childhood disease that was a major cause of acquired mental retardation, have been virtually eradicated.

Even with the most difficult of medical challenges, there has been significant progress. In 1975, one's chances of surviving for five years after being diagnosed with cancer were less than even. By 1993, they were better than 60 percent and, although we don't at this point know what the survival rates will be for those diagnosed with cancer this year, we are confident that they have improved markedly since 1993.

Because of the remarkable success of the human genome project, the prospects of rapid and dramatic progress against these diseases has never looked brighter. That is what makes the funding levels contained in this bill for the National Institutes of Health so remarkable. The bill provides an increase of only 2.5 percent above the amount appropriated last year. That is the smallest increase in 18 years. It is about three quarters the amount needed simply to cover the Department of Health and Human Services own estimates of inflation in biomedical research, and it will result in a reduction in the number of new grants for research on cancer, ALS, Alzheimer's, heart disease, multiple sclerosis, muscular dystrophy, Parkinson Disease and most other diseases if the support provided to researchers takes inflation into account.

Each year, 1.3 million people find out that they have cancer; more than one million people find out that they have diabetes; and 60,000 people find out that they have Parkinson's disease. The Majority's bill slams on the brakes for efforts to find cures for these and other diseases.

Nurse Education and Training

Another health problem we hear a lot about is the growing shortage of nurses. Last year, with much fanfare, Congress passed major new authorizing legislation, the Nurse Reinvestment Act, to help deal with that shortage. Yet the Majority's bill provides no increase at all in funding for those programs. It actually contains \$7 million less than the President requested for one of the programs, which provides scholarships to nursing students who agree to work after graduation in areas with a serious shortage of nurses.

Other Health Professions Training

The Majority's bill also makes cuts averaging 12 percent (below FY 2003) in programs that help students from minority and disadvantaged backgrounds prepare for and do well in medical school and other health professions schools – despite these programs' demonstrated record in training health care providers who will practice in medically underserved areas. Similarly, it cuts programs to assist training of primary care doctors and dentists 14 percent below the FY 2003 level.

Failure to Help the Victims of a Weak Economy

Since the beginning of 2001, the United States has lost 2.4 million jobs. The number of Americans actively seeking work and unable to find it has climbed to more than 9 million. There has been a dramatic increase in the number of unemployed who head households and whose earnings are necessary to support families. Another 30,000 jobs were lost in the most recent month and the percentage of the workforce without jobs is now 6.4 percent, the highest in nine years. Last year, the poverty rate and the number of poor people living in this country increased. This bill does nothing to reduce the misery that the poor performance of this economy has inflicted on millions of workers and their children.

There is not a single safety net program contained in this bill that is funded at a level above that provided last year, meaning that the growing numbers of Americans who are jobless and impoverished will be served by programs that have less resources after allowing for inflation than they had last year. Many programs are actually cut below last years level in nominal terms. For instance, the bill cuts the Community Services Block Grant (CSBG) by \$151 million, or 23 percent. CSBG funds a nationwide network of anti-poverty Community Action Agencies which provides a range of services to a quarter of all people living in the United States. These include community and economic development, energy assistance, winterization, housing, homeless assistance, nutrition, soup kitchens, child care, senior service, transportation, and other programs that help families escape and remain out of poverty. If this cut remains in this bill, it will have an immediate impact on almost every single Congressional district, reducing services for the growing numbers of low-income, working poor and the long-term unemployed.

The bill would provide \$2.1 billion for the Child Care and Development Block Grant program the same level of funding as was available in FY 2002 and FY 2003.

LIHEAP

One of the single most glaring deficiencies in this bill is the funding level it provides for the Low Income Home Energy Assistance Program or LIHEAP. During the current fiscal year \$2 billion will be spent to make sure that elderly, disabled and impoverished Americans are not placed in life threatening situations as a result of having their utilities shut off in the midst of severe weather conditions. The President requested that the same amount be made available for the current year. The Committee has chosen to cut the request by 10 percent. This is in the face of projections that natural gas prices will be at least 50 percent higher in the coming winter than they were this past winter and more than 50 percent of LIHEAP recipients rely on natural gas.

Assistance to the Elderly

During the first half of this decade the number of elderly (over 60) Americans will increase by 13 million or nearly 30 percent. The federal government has made a very substantial commitment over the course of the past 50 years to permit the nation's senior citizens to live independent and dignified lives. An essential part of that effort has been the Meals on Wheels, Congregate Meals, Family Caregivers and other programs in the Administration on Aging. As the elderly population grows, the resources needed to support these efforts must also grow or the percentage of the elderly permitted to participate must be cut back.

The funding provided in this bill will force a cutback in services even without making allowance for the growth in the elderly population. The \$1.377 billion contained in the bill is essentially no increase above the current year's level. That means that inflation will force a cut in services of about 2.5 to 3 percent. Meals on Wheels, which was funded at \$181 million last year is funded at the same amount this year. Instead of providing homebound elderly nationwide with 183,000,000 meals as we are during the current year, the bill will force a cut in the number of meals that can be delivered of about 4.6 million. There will be a cut in the number of congregate meals of about 2.9 million.

This is not only unconscionable in terms of the treatment of our elderly, it is also stupid budget policy. The purpose of these programs is to help seniors remain independent and in their own homes as long as possible. Reducing this relatively inexpensive support will certainly increase the number of seniors forced to leave their homes and move into nursing facilities. The federal government will end up paying a substantial portion of that far more expensive option.

Leveling the Playing Field with Low Wage Countries

One reason for the anemic job picture in the United States has been the movement of both manufacturing and service jobs overseas. The major effort that this government has made to attempt to make free trade also be fair trade has been to develop international labor standards that pressure foreign producers to meet minimum requirements in the treatment of their workers. The unregulated use of child labor, the absence of minimum standards for health and safety, and the inability of workers in many developing countries to organize create conditions that permit the kind of exploitation that this country began addressing at beginning of the last century. In addition, these conditions provide even greater incentives to international corporations to move jobs overseas.

This bill follows President Bush's proposal to terminate the International Labor Affairs Bureau within the U.S. Department of Labor and cease all participation in the development of international standards on child labor, workplace safety or other issues involving minimum worker standards in developing countries.

Endorsing the Social Security Disability Backlog

The Majority's bill also provides \$170 million less than the President requested for the administrative expenses of the Social Security Administration.

The Social Security Administration is facing growing backlogs of work, especially involving disability benefits. *The backlog of pending disability claims has grown every year since FY 1997 – from 399,000 cases awaiting decision that year to 593,000 cases in FY 2002. The average time to make an initial decision is now about 3 ½ months.* Those who appeal an initial denial of benefits now face a waiting period for a hearing and decision that averages just short of a full year. These delays affect people who, because of sickness or injury, are often in urgent need of the benefits to which they may be entitled.

The Social Security Administration is trying to reduce these backlogs and make the process work better. They asked for appropriations to hire 1,000 more staff and to increase funds for the state agencies that make initial disability determinations. The Committee bill cuts that request by \$170 million.

Democratic Amendments

The Democratic members of the Appropriations Committee supported three separate amendments in an attempt to improve this legislation.

- The first Democratic amendment – a complete substitute to the Committee bill – would have added \$5.55 billion to the Majority's bill, in

order to meet our highest priorities in education, health, human services, and employment and training. These additions would have been offset by a 32 percent reduction in the tax cut that will be received by people with incomes above \$1 million as a result of the recently enacted tax bill. It would have had no effect whatsoever on tax cuts for anyone with income below \$1 million. The Majority voted against this amendment and it failed by a vote of 28 to 35.

- The second Democratic amendment would have addressed a growing child health crisis by providing some additional federal assistance to state Medicaid programs – a further one percentage point increase in the federal matching rate during FY 2004. In order to receive this additional aid, the Democratic amendment would have required states to refrain from any further cutbacks in eligibility for children – under both the Medicaid and SCHIP programs – and to restore eligibility for children to the rules that prevailed on July 1, 2001. Thus, the higher matching rate would have been available to states that have not reduced eligibility for children during the past two years, and to states that did reduce eligibility but that restored the cuts. The Majority voted against this amendment and it failed by a vote of 29 to 35.
- The third Democratic amendment would have prevented the Bush Administration from shifting more college expenses on to students and their parents. After taking millionaires off the tax rolls, the Bush Administration quietly issued a new regulation on May 30, 2003 to collect more from college students and their families by cutting their deduction for state and local taxes in the student financial aid eligibility formula. As a result, many of these families can expect to pay more toward college expenses next year and receive less in federal financial aid. The Majority voted against the Democratic amendment and it was defeated by a vote of 28 to 32.